

December 28, 2013

Mr. Mario Draghi, President of The European Central Bank  
Kaiserstrasse 29, Frankfurt am Main, 60311, Deutschland

RE: EBRD helping falsify financial statements of Latvia and Lithuania

Dear Mr. Draghi,

I am the exiled whistleblower from Parex Bank of Latvia. Parex was an offshore bank for Russia, Ukraine, Belarus, and Central Asia. According to the Director of Transparency International Latvia, Parex "symbolizes the corruption related ills we have in Latvia."

The only investigation was done by the United States in 2007, resulting in a \$185 million bribery settlement with Daimler. The related fraud at Parex can be confirmed in an hour, however Latvian officials did nothing for years until the "statute of limitations" expired.

The Latvian government nationalized Parex in 2008 and bailed it out with billions of euros borrowed from the IMF, the European Union, and bond investors. Latvia did not prosecute the people who looted the assets of Parex, but instead covered-up the looting with a "sale" of Parex stock to the European Bank for Reconstruction and Development (EBRD) which later was revealed to be a reversible and therefore temporary and illegal deception.


The fraud is explained on Youtube. The "LatviavEBRD" videos have a quarter-million views compared with the EBRD's own videos which have a few hundred views. Also, an independent journalist Mauro Caterina produced a video about the fraud.

More recently, a Lithuanian journalist claimed the EBRD's 2013 bailout of Ukio Bank (under Bank of Lithuania administration) was fraudulent. He was afraid for his safety and never published an article. Ukio was similar to Parex. They were both connected with the money laundering in the Sergei Magnitsky case.

A pattern has emerged. The EBRD is covering-up frauds to sneak countries with corrupt governments into the Eurozone. The victims include all taxpayers in the 64 nations supporting the EBRD plus especially taxpayers in Latvia and Lithuania.

The integrity of the Eurozone is at risk if this problem is ignored. I fear a repeat of when Goldman Sachs helped Greece to hide debt so it could issue bonds that later defaulted. I hope the ECB and hundreds of other letter recipients will confront the EBRD.

Thank you for your service to Europe,



John Christmas, LatviavEBRD, latviavebrd@gmail.com  
Via Leonina 38, #275, Roma, 00184, Italia

Attachments: (1) Latvia fraud evidence, (2) questions for EBRD, (3) Lithuania fraud evidence

REPORT OF GOVERNMENT CONSULTANT 'NOMURA'  
LEAKED IN 2010, CENSORED IN 2011

DIENESTA VAJADZĪBĀM

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	<p>aktīvus, lai atspoguļotu to ilgtermiņa ekonomisko vērtību. Šāda pārvērtēšana novestu pie papildus zaudējumiem un nepieciešamības palielināt kapitālu paliekošajā AS "Parex banka"</p> <ul style="list-style-type: none"> <li>• paliekošajā AS "Parex banka" paliek reputācijas no bijušiem akcionāriem / subordinētā kapitāla turētājiem</li> <li>• neatbilst ERAB interesēm, ERAB nepiekrīstu restruktūrizācijai un izmantotu akciju "put - opciju" saskaņā ar Akcionāru līgumu, t.i., <u>valstij būtu jāatpērk ERAB akcijas.</u></li> </ul>
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→ EBRD

→ put option

→ state must  
repurchase

EBRD shares

Nemot vērā abu restruktūrizācijas priekšlikumu salīdzinājumu, Konsultanta  
viedoklis, kas tika akceptēts arī Darba grupā, ir, ka, realizējot AS "Parex banka"  
restruktūrizācijas modeli - "Jaunās bankas nodalīšana", varētu tikt sasniegti konsultāciju  
pakalpojumu līgumā ar Konsultantu un Ministru kabineta lēmumos noteiktie  
restruktūrizācijas stratēģiskie mērķi, t.i.:

1) tiktu nodrošināta AS "Parex banka" restruktūrizācijas rezultātā izveidoto

DRAFT LETTER SENT BY A PROFESSOR TO THE EBRD, WITH NO REPLY. THE INVESTMENT WAS 100 MILLION EUROS AND IT HIDES A BAD LOAN FROM LATVIA TO PAREX OF BILLIONS OF EUROS.

Dear xxxxxxx,

There is a channel on Youtube called "LatviavEBRD" which has three videos describing an alleged fraud committed by the EBRD and Latvian government regarding the bailout of Parex Bank.

The narrator of two of the videos, John Christmas, claims that he sent several registered letters and many emails to the EBRD and you refused to reply. He also claims that three newspapers (Lithuania Tribune, Il Manifesto, and Rosvesty) published articles and you refused to reply to them.

Can you please reply to me? I am a professional academic and journalist interested in the subject.

- (1) The Latvian government attempted to sell Parex shares to many institutions in 2009, however only one institution agreed to purchase shares: the EBRD. You announced that your investment of approximately 100 million euros in equity and subordinated debt was motivated by your belief that Parex had "vitality and development potential" (Parex 2009 annual report). Is this correct?
- (2) In 2010, Parex spun off its "good" assets into a new company called Citadele Bank. Only half of Parex assets were considered "good." Were you aware in 2009 that only half of the assets were "good"? The implication is that Parex equity was worthless in 2009 when you bought it. Did you write off your investment as a loss in 2010 when it was discovered that half of the assets were "bad"?
- (3) When Citadele was spun off, the Latvian taxpayers paid to capitalize it and the Latvian government gave some of the equity to the EBRD. However, the Latvian government did not give any equity to the other minority shareholders from Parex. Can you explain why the Latvian government gave Citadele shares to you and not to the other minority shareholders? How did you account for the gift on your financial statements?
- (4) Alstom paid a large settlement to Switzerland and Daimler paid a large settlement to the United States for paying bribes in Latvia through Parex. Latvia, even though handed cases by Switzerland and the United States, did not prosecute anyone. And, Parex involvement in the cases has not been mentioned by the Media. Can you explain why? Is it possible for the EBRD to make a press release with details of the bribery?
- (5) In 2010, a report from Nomura was leaked on the Internet. The report states that the Latvian government has an obligation to buy back the Parex stock. Can you confirm or deny that you negotiated a secret deal with the Latvian government obligating them to buy back the stock? How much is the government required to pay? When will this reversal take place? Is this why you bought the Parex stock? Was the gift of Citadele stock to the EBRD supposed to be partial or full satisfaction of this deal? Will the government pay the subordinated debt also, or will you lose that money?
- (6) The core activity of Citadele, still now in 2013, is providing offshore deposit services for clients from Russia, Ukraine, Belarus, and Central Asia. Can you explain any lawful reason why depositors from those countries must keep their money in Latvia? Is Citadele reporting these deposits to the police and tax services in the countries where the clients are domiciled?

On 13 February 2013, Siauliu Bank of Lithuania (20% owned by the EBRD) signed a "letter of intent" with Ukio Bank of Lithuania to purchase assets. Ukio was under administration by the Bank of Lithuania. Also, there were transactions regarding the Lithuanian deposit insurance scheme.

An anonymous journalist, in a September 2013 interview with whistleblower John Christmas, said:

*we have nearly the same situation with a bank that went broke in Lithuania in March this year and EBRD has bought the good assets of it via its controlled other bank, it was also completely fraudulent, because there were many irregularities, especially irregularities with accounting because they made a loan with money which they didn't have in the first place, they received government sort of, it was 230 million euros, they received it afterwards, and lent it back to the government, it was completely fraudulent, it was just to make the balance sheet of the received good bank's assets better, that's why I'm asking, as much as I can see the media doesn't cover the situation in Lithuania as well, in Latvia as much as I read your opinions the media was also silent*

A quote from Jean-Marc Peterschmitt, EBRD Managing Director, Central and South Eastern Europe, also about the Ukio transaction. Is the buzzword "stability" a rationalization for fraud?

*We welcome this swift move as a decisive step towards the consolidation of the local banking sector and the strengthening of its stability. This will help overcome uncertainty and bolster trust and confidence in the whole sector.*

Date: Wed, 4 Sep 2013 14:51:33 +0300  
From: [jacob.schtifzel@gmail.com](mailto:jacob.schtifzel@gmail.com)

Dear John,

Thank you for your reply. Maybe we can have a skype conversation tomorrow, and afterwards we can fill the information gaps via e-mail. I am a journalist covering finance sector, and since the first bank went broke in 2011 (second one - 2013 march) the main focus of my analyses and publications has been the practice of managing banking crises in Baltic states. Few months ago I've had interviews with high figures of certain Lithuanian institutions, and they confirmed me that the last EBRD deal with buying good assets of the failed Ukio bank via it's controlled Siauliu bank was completely fraudulent and very similar to the EBRD/Parex deal Latvia. I've covered most of the public information about Parex and your enormous efforts trying to show that the taxpayers were tricked on a big scale.

P.S. If you don't mind, I will be contacting you under this surname since the corruption here in Lithuania is as bad as in Latvia, so this would be a healthy precaution for me.

Best wishes and again - thank you! Jacob

Date: Mon, 2 Sep 2013 11:51:26 +0300  
From: [jacob.schtifzel@gmail.com](mailto:jacob.schtifzel@gmail.com)

Hello Dear Mr. John Christmas,

I am writing under a surname from Lithuania where we have experienced the dealings of EBRD as well since there has been a very mysterious acquisition of a failed bank Ukio bank by EBRD controlled Siauliu bank. We have been doing a journalistic investigation ever since March. I started covering Parex case in comparison and realized that there are too many common things in both acquisitions. I wanted to ask whether you will be willing to share your experience and insights into these corrupt dealings between post-soviet Baltic states and EBRD.

Best wishes, Jacob